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SIPDIS

FOR S/CT - SRCLARK

E.O. 12958: DECL: 02/24/2018

TAGS: PTER PGOV ASEC EFIN ENRG KCIP AG

SUBJECT: CI/KR RESPONSE FOR S/CT

REF: A. STATE 15113

1B. 08 ALGIERS 221

Classified By: DCM Thomas F. Daughton; reasons 1.4 b, d.

11. (C) Post does not recommend any modification to the CI/KR list as it relates to Algeria at this time. We note, however, that Algeria and international joint venture partners are constructing two undersea natural gas pipelines to Europe, one of which may be operational in late 2009. Once operational, we may recommend inclusion of these facilities on the CI/KR list as critical supply chain nodes for the delivery of energy to international markets.

## COMING ATTRACTIONS

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- 12. (C) The Medgaz consortium reported in December 2008 that it completed laying the undersea pipeline portion of the Medgaz project, which would carry natural gas from Beni Saf in western Algeria to Almeria in southern Spain. Operators hope to bring the system on-line in the second half of 2009 after connecting the pipeline to land-based terminals and running integrity tests. A parallel undersea power cable is anticipated for future development. The Medgaz pipeline may be extended to France at a later date.
- 13. (C) Construction of the Galsi Pipeline may begin in 2009, with completion anticipated in 2012. The Galsi Pipeline would carry natural gas from Skikda in eastern Algeria to Cagliari/Porto Botte, Sardinia. The consortium would connect the Algeria-Sardinia pipeline to an overland network and a second undersea pipeline linking Sardinia from Olbia to the Italian mainland at Piombino. The Algeria-Sardinia pipeline may also carry a parallel undersea power cable. PEARCE